

SEPTEMBER 20, 2005

TO: City Council and Planning Commission

FROM: Planning Director

BY: Assistant Planner, Monta J. Duweling

RECEIVED

SEP 30 2005

DIV. OF HOUSING
POLICY DEVELOPMENT HCD

ANNUAL HOUSING PRODUCTION REPORT – FISCAL YEAR 2004

This document constitutes the second annual report describing the City's progress in producing housing. It describes our progress during the previous fiscal year (July 1, 2004 to June 30, 2005) in meeting Anderson's estimated share of the region's forecasted growth for the four income groups identified in state law.

Purpose - The Annual Housing Production Report is prepared pursuant to California Government Code Section 65400 (b)(1) which in part requires an agency to report annually to its legislative body on the progress in meeting its share of regional housing needs.

Format - The City's progress is reported with data contained in the following nine tables:

- Table 1 defines the four income groups.
- Tables 2 - 4 set out the qualifying income levels for the four income groups and the corresponding rents and sales prices during FY 2004 at which housing was considered to be affordable.
- Table 5 provides the counts of new housing units, by income group and type of housing stock, which completed construction this last fiscal year.
- Table 6 highlights housing affordable to very low and low-income persons in FY 2004.
- Tables 7 and 8 provide price information on market rate homes.
- Tables 9 and 10 compare our progress so far to the current five-year housing cycle objectives.

Reporting Period - The report covers housing production in FY 2004, which marks the second year of the current five-year Housing Element cycle. In 2003, the City Council adopted the General Plan Housing Element for the current housing cycle.

Regional Share Needs - The determination of housing need for Anderson and all other jurisdictions in Shasta County is derived from the Regional Housing Needs Statements prepared by the California Department of Housing and Community Development (HCD) before the beginning of each housing cycle. Based upon these assessments of *need* the local jurisdictions are charged with adopting housing *objectives* in the housing elements of their general plans to meet these needs.

A regional assessment of need is an estimate of the total need for new housing construction throughout the region due to growth forecasted to occur during the five-year cycle. The overall housing need is then broken out by four income groups: *very low*, *low*, *moderate*, and *other* (or *above moderate* or *upper-income*) – all as defined by the federal Department of Housing and Urban Development, or HUD. The regional needs are then allocated to the local jurisdictions on a “regional share” basis, according to models and formulas designed by the HUD.

The regional share estimate of need prepared for The City of Anderson for the current housing cycle is shown in Table 1.

The combined very low and low-income (“lower”-income) estimate of need is 150 units. This equals 22% of the total need for housing through June 2008.

Definitions of Income Groups - Table 1 also shows that each of the four income groups is described with reference to a percentage of the area median income (AMI). Defined as the median income for a family of four in a geographic area, the AMI changes over time and with location. HUD annually revises the AMI to adjust for cost of living. The AMI for Shasta County in 2004, is \$49,100.

Table 1: Anderson's Regional Share Need Estimates For Housing Cycle 2001-2008		
Income Group	Definition* (% of AMI**)	New Construction Needs
Very Low	50% or under	72
Low	51 - 80 %	78
Moderate	81 - 120%	122
Other	Over 120%	407
Totals		679

*Definitions are from HUD, via the California Department of Housing and Community Development.

Table 2 shows the FY 2004-2005 income limits for very low, low, moderate, and other-income groups for 2, 4, 6, 8, and 10 person households. The income limits in Table 2 correspond to the percentages stated in Table 1.

Prices of Affordable Housing
Section F (3:b) of Anderson Housing Element (2003) uses the federal and state rule that housing is affordable to a given family if the family pays 30% or less of its monthly income for housing expenses that include the rent or mortgage payment, property taxes, insurance, utilities, and the like. A determination of whether a housing unit is affordable can be easily made for *assisted public* rental housing and other *public* housing programs because documentation is maintained on both the individual household's income and the actual cost

Table 2: FY 2004-2005 Qualifying Limit On Annual Income By Household Size					
Income Group	Persons Per Household				
	2	4	6	8	10
Very Low	\$19,650	\$24,550	\$28,550	\$32,400	\$36,300
Low	\$31,400	\$39,300	\$45,550	\$51,850	\$58,150
Moderate	\$47,100	\$58,900	\$68,300	\$77,750	\$87,200
Other	>\$47,120	>\$58,900	>\$68,324	>\$90,187	>\$99,611

Source: Anderson planning based on HUD Median Income data effective 2/25/2005. See State Limits 2005
www.hcd.ca.gov/aod/hurc/reo/state/finchNote.html

of the unit in question (typically a rental). Table 3 shows the resulting maximum market for all income levels

As previously mentioned the City of Anderson uses the 30% rule to determine affordability of housing for all income groups. As with the rental formulas discussed earlier, it was subsequently reviewed and accepted by the California Department of Housing and Community Development for the City's Housing Element that an affordable sales price is calculated as follows:

Table 3: FY 2004-2005 Qualifying Rent and Utility Expenses				
By Number of Bedrooms				
Income Group	Number of bedrooms			
	1	2	3	4
Very Low	\$490	\$ 613	\$711	\$810
Low	\$786	\$982	\$ 1,139	\$1,503
Moderate	\$982	\$1,227	\$1,423	\$1,879
Other	\$1,178	>\$1,475	>\$1,708	>\$2,254

Source: Anderson Planning, based upon HUD median income data, 2 person per room effective 2/24/2004.

Affordable sales price = 3.0 X maximum-allowed-annual-income for each class, adjusted for bedroom count.

Based upon this formula, Table 4 below gives the qualifying purchase price for housing for the different income groups for FY 2004. To illustrate, a two-bedroom house costing no more than \$73,650 would be the maximum affordable to a very low-income family (at 50 percent of median-income). This price is three times the \$ 24,550 annual income limit for a very low-income family of four as shown on Table 2. On the other hand, a two-bedroom home costing more than \$176,700 would be affordable only to families in the other-income group since the price is more than 120 percent of median income.

Table 4: FY 2004 Qualifying Purchase Price,					
By Number of Bedrooms					
Income Group	Number of Bedrooms				
	1	2	3	4	5
Very Low	\$58,800	\$73,650	\$85,434	\$97,218	\$104,994
Low	\$94,320	\$117,840	\$136,695	\$180,432	\$206,865
Moderate	\$117,840	\$147,300	\$170,868	\$225,543	\$243,585
Other	>\$141,360	>\$176,700	>\$204,972	>\$270,561	>\$292,206

3X multiplier was developed by the City of Anderson Planning Department in conjunction with recommendations of HUD. (There is no formula in state law.) The rule also assumes 2 persons household (as opposed to bedrooms).

Since HUD tables do not provide for 12 or more person households, homes with more than 5-bedrooms are treated as if they were 5-bedroom homes. See attached State Income limits for 2004

Determining Affordability - Based on the above information, two variables must be known about a housing unit to determine its affordability: a) the sales price or rent, and b) the number of bedrooms. Staff must collect this information for each individual housing unit. For housing created under one of the City's housing assistance programs this is relatively easy, as we get the data via the program.

For new market-rate rentals and for-sale homes, staff obtained the median sales price of single family homes from the Shasta County Board of Realtors and rental information from Homestore.com or directly from the owner/property manger.

Housing Activity and Affordability in FY 2004 Table 5 and the information below summarizes housing completed in FY 2003. Definitions of terms used in the table and the remainder of the report are as follows:

Market Rate Units - Units that received no financial assistance from the City and have no affordability restrictions.

Assisted Units - Units that received financial assistance from the City and/or other subsidy sources and have affordability restrictions.

Single-family detached - A single home on a single lot, detached from any other unit, except for an attached second dwelling unit.

Single-family attached - A single home on a single lot, attached to another unit that is on a separate lot.

Condominium - A detached or attached home on commonly owned property.

Apartment - A unit that can only be rented and not owned.

Duplex - Two units on a single lot. Units cannot be individually sold.

Assisted Unit, For Sale - A condominium or single-family attached or detached home.

Second Dwelling Unit - A completely independent dwelling unit on the same lot as a primary residence. A second dwelling unit may be attached to or detached from the primary residence.

Table 5: Affordability of Housing Constructed in FY 2004-2005									
Income Group	Market Rate Units					Assisted Units		Second Dwelling Unit	Totals
	Single Family Detached	Single Family Attached	Condo-minium	Apartment	Duplex	For Sale	Apartment		
Very Low	0	0	0	0	0	0		0	0
Low	0	0	0	0	0	0		0	0
Moderate	0	0	0	0	4	0	0	0	4
Other	70	0	0	0	0	0	0	0	70
Unknown*	0	0	0	0	0	0	0	0	0
Totals	70	0	0	0	4	0		0	74
Information from the City of Anderson monthly building reports. . Note: Currently all new market rate apartments, although no affordability covenants exists, are affordable to low income according to Table 3.									

Comments on Housing Production in FY 2004

- In FY 2004, 70 new housing units were built which is approximately 30% of FY 2003's total of 231 units. Last fiscal year (2003) the City of Anderson made great strides in

accomplishing housing for seniors while this year the production consisted mainly of single family residential. This accomplishment is consistent with the City of Anderson **Housing Goal 1: To Provide a Variety of Housing Types and Costs.**

- The City of Anderson has assisted 5 families in purchasing a new home through the successful Down Payment Assistance Program (DAP). In the first two years of the 2003-2008 Housing Elements the City has accomplished 76% completion of the goal of assisting 25 total families during the housing element cycle.
- Single-family detached dwelling accounted for 95% of the fiscal year's production.
- Duplex units account for 5% of the fiscal year's production.

Comments on Housing Affordability in FY 2004

- All of the housing built, including single-family detached units, was affordable to moderate and above moderate -income households only.
- None of the single-family homes received city-assistance. Prices ranged from \$64,005 to \$517,005 with the median sales price of \$294,900 for, single-family detached home (MLS).

Medians and Extremes - Table 7 compares the median price for for-sale, market rate housing built in FY 2003 and FY 2004. Table 8 provides high and low sales prices.

Table 7: Comparisons of Median Sales Prices FY 2002 vs. FY 2003 (Market Rate Units Only)				
Structure Type	Median Sales Prices		Annual Change	Percent Change
	FY 2003	FY 2004		
Single-Family Detached	\$164,000	294,900	56%	56%

Table 8: Low and High Sales Prices FY 2003 (Market Rate Units Only)		
Structure Type	Sales Price	
	Low	High
Single-Family Detached	\$64,005	\$517,005
All information provided by the Shasta County Board of Realtors using the Multiple Listing Server (MLS). See attached		

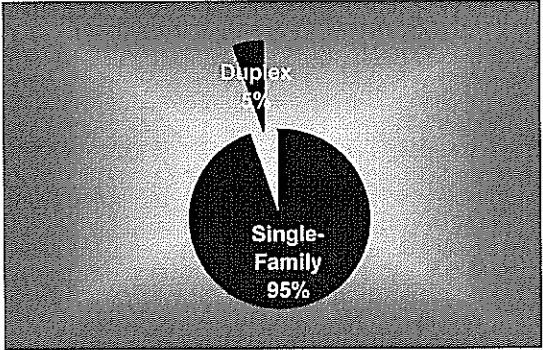
Progress Toward Housing Cycle Objectives - Table 9 below provides the number of dwellings completed during the first year of the current housing cycle. The table also shows the cumulative progress achieved during that year towards meeting the new housing needs

Table 9: Cumulative Progress Toward Current Housing Cycle Objectives						
Income Group	By Income Group				Housing Units Needed	
	Housing Units Built				Objective	Percentage of Objective Achieved
	FY 2003	FY 2004	FY 2005	Total		
Very Low	40	0	0	0	72	55%
Low	41	0	0	0	78	53%
Moderate	110	4 714	0	0	122	93%
Other	40	70 710	0	0	407	27%
Unknown*	0	0	0	0	0	0
Totals	231	74	0	0	679	45%

(from Table 1) estimated for the housing cycle over its entire five-year term (2003-2008).

Comments on Production during the Housing Cycle

- In the second year of this housing cycle the City has increased in the production of overall housing making substantial strides in meeting its housing needs in the previous year as outlined in the Housing Element of the General Plan and has made great progress in meeting the objectives of the Regional Allocation Plan (2003).
- Single-family detached dwellings accounted for 95% of all new construction; and Duplex's account for 5%.
- In the second year of the housing cycle, no lower-income units have been completed.
- See Table 10 below for additional information.
- The City of Anderson has accomplished 93% of its goal for moderate housing in FY 2004.

Conclusions		Table 10: Types of Housing Built Second Year of Current Housing Cycle	
			
Type of Unit	Number of Units		
Apartments	0		
Condominiums	0		
Single-family Attached	4		
Second Dwelling Units	70		
Totals	74		

As this report demonstrates, Anderson has seen significant results from its commitment to the development of housing for all income levels. This commitment is evidenced in its policy framework, the allocation of its own resources, and its efforts to pursue creative partnerships with the private sector in all aspects of housing production.

While the City has made positive strides in producing lower-income housing in the first year of this housing cycle, the second year saw a moderate increase of housing for the above moderate (other) income levels and only slight increase in available units for moderate income persons.

The City of Anderson is dedicated to production of housing for all income levels and seeks to meet the objectives of the plan within the next three years. In the remaining three years of the current housing cycle, the City will continue to produce new housing affordable to all income levels including but not limited to low and very low-income. New projects that will be completed or likely underway by the end of housing cycle are listed below.

- *Vineyards At Anderson (264 single family units)*

- *Tormey Estates Subdivision (124 single family units)*
- *Silvergate Subdivision (64 lots containing 188 multi-family)*
- *Southridge Terrace (24single family)*